

UNITED STATES DEPARTMENT OF JUSTICE
OFFICE OF THE UNITED STATES TRUSTEE
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**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY**

_____	:	Chapter 11
In re:	:	
	:	Case No. 22-19361 (MBK)
BlockFi Inc., <i>et al.</i> , ¹	:	
	:	Hearing Date: April 27, 2023 at 1:00 p.m.
Debtor.	:	
_____	:	Honorable Michael B. Kaplan, Chief Judge

CERTIFICATION OF WILLIAM ZIEMER, CIRA, IN SUPPORT OF THE UNITED STATES TRUSTEE'S OBJECTION TO DEBTORS' EMERGENCY MOTION FOR ENTRY OF AN ORDER (I) GRANTING A LIMITED WAIVER OF THE DEPOSIT REQUIREMENTS OF SECTION 345(B) OF THE BANKRUPTCY CODE AND (II) GRANTING RELATED RELIEF

I, William Ziemer, of full age, hereby declare under penalty of perjury, pursuant to 28 U.S.C. § 1746, as follows:

1. I am employed as a bankruptcy supervisory auditor by the Office of the United States Trustee ("OUST") in Newark, New Jersey, and I base this Certification on my personal knowledge and my review of certain documents, as set forth below.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: BlockFi Inc. (0015); BlockFi Trading LLC (2487); BlockFi Lending LLC (5017); BlockFi Wallet LLC (3231); BlockFi Ventures LLC (9937); BlockFi International Ltd. (N/A); BlockFi Investment Products LLC (2422); BlockFi Services, Inc. (5965) and BlockFi Lending II LLC (0154).

2. BlockFi Inc.'s Monthly Operating Report ("MOR") for March 2023, shows BlockFi Inc. held deposits of approximately \$238,601,000 at First Citizens Bank, formerly Silicon Valley Bank ("SVB Bridge Bank"), as of March 31, 2023. *See* Dkt. 761. As set forth in BlockFi Lending LLC's MOR for March 2023, BlockFi Lending held deposits of approximately \$44,116,966 at First Citizens Bank, as of March 31, 2023. *See* Dkt. 764.

3. In the pending Motion, the Debtors state: "the Debtors agreed to convert the money market funds into cash that is now being held at SVB Bridge Bank. Although SVB Bridge Bank was once guaranteed by the full faith and credit of the United States government, after its acquisition by First Citizens Bank, the standard FDIC insurance went back into effect, leaving the Debtors with significant uninsured amounts ("Remaining Funds")." *See* Dkt. 770 at ¶ 5.

4. The Debtors also state: "insurance is limited, surety bonds cannot be obtained at this juncture, and banks have expressed no desire to collateralize the full amount of the Debtors' funds with securities[.]" *See id.*, at ¶ 6.

5. At the time First Citizens Bank acquired SVB Bridge Bank, First Citizens Bank was not an approved depository for New Jersey.

6. Following a call on April 25, 2023, with representatives of First Citizens Bank, attended by me and another analyst with the OUST, First Citizens Bank executed a UDA and provided the executed document to the OUST.

7. On April 26, 2023, First Citizens Bank provided the OUST with a breakdown of all Debtor funds on deposit with First Citizens Bank.

8. The OUST continues to work with First Citizens Bank to open an account with the Federal Reserve Bank ("FRB") and fully collateralize all current balances.

9. The OUST anticipates the process to open the account with the FRB will begin

today, April 27, 2023, and can be completed in 48 hours.

10. Once the FRB account is open, collateralization can occur.

I certify under penalty of perjury that the forgoing is true and correct to the best of my knowledge.

ANDREW R. VARA
UNITED STATES TRUSTEE
REGIONS 3 & 9

By: /s/ William Ziemer
William Ziemer
Bankruptcy Supervisory Auditor

Dated: April 27, 2023